

Message Text

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ACTION EA-06

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FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC IMMEDIATE 5125

S E C R E T SECTION 1 OF 2 SINGAPORE 1990

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, SN

SUBJECT: CALL ON PRIME MINISTER LEE KUAN YEW BY SECRETARY BUTZ

SUMMARY: SECRETARY BUTZ, ACCOMPANIED BY AMBASSADOR
HOLDRIDGE CALLED ON PRIME MINISTER LEE KUAN YEW APRIL 21.
CONVERSATION LASTED FOR ALMOST ONE HOUR AND COVERED BROAD SPECTRUM
OF WORLD ECONOMIC AND POLITICAL ISSUES. SECRETARY REVIEWED CURRENT
U.S. AGRICULTURAL POLICY AND UPTURN IN U.S. ECONOMY. PM LEE
NOTED THE IMPROVEMENT IN SINGAPORE'S ECONOMY AND THE HOPE THERE
WOULD BE NO RETURN TO 1972-73 CONDITIONS WHEN FOOD PRICES HAD
RISEN 20 PERCENT. IN RESPONSE TO LEE'S QUERY RE POST-ELECTION
U.S. FOREIGN POLICY, SECRETARY SAID WHOEVER WON THE ELECTION THE
U.S. WOULD NOT TURN ISOLATIONIST AND WOULD REMAIN ECONOMICALLY
STRONG AND MILITARILY POWERFUL. SOVIETS HAD MADE MILITARY GAINS
BUT COULDN'T FEED THEMSELVES.

LEE EXPRESSED GREAT CONCERN OVER DECLINE IN WESTERN POSITION
IN SOUTH AFRICA AND POLITICAL SITUATIONS IN ITALY AND FRANCE.
HE FELT SECRETARY KISSINGER WAS RIGHT IN OPPOSING COMMUNIST PAR-
TICIPATION IN THESE GOVERNMENTS. HE URGED U.S. TO INFLUENCE
SOUTH AFRICA'S VORSTER TO PRESSURE IAN SMITH INTO MAKING CON-
CESSIONS TO RHODESIAN AFRICAN NATIONALISTS. OTHERWISE THERE
COULD BE A BLOODY INSURGENCY IN WHICH ONLY THE CUBANS, SOVIETS,

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AND CHINESE WOULD GAIN. LEE ALSO FEARED THAT SINGAPORE WOULD

FIND ITSELF SURROUNDED IF SUBVERSION WERE TO JUMP FROM THAILAND TO MALAYSIA AND THEN CROSS THE MALACCA STRAITS TO SUMATRA. THE ONLY WAY TO FIGHT THIS WAS THROUGH ECONOMIC DEVELOPMENT, ALTHOUGH HE FELT THAIS NO LONGER HAD THE TIME TO DO THIS, HE SAID "WE'VE GOT TO TRY" AND "WE'RE ALREADY COMMITTED." SECRETARY BUTZ CONCLUDED BY EXPRESSING CONFIDENCE THAT A TURN-AROUND FOR THE WEST WAS COMING AND THAT THE PRESIDENT WOULD HAVE A BETTER POWER BASE AFTER THE ELECTION. HE SAID THE U.S. CONSIDERED SINGAPORE TO BE IMPORTANT AND PART OF DEFENSIVE PERIMETER EXTENDING FROM JAPAN AND KOREA THROUGH THE PHILIPPINES TO SEA. END SUMMARY.

1. PM LEE BEGAN BY EXPRESSING HOPE THAT U.S. RICE AND WHEAT PRODUCTION WAS SATISFACTORY SINCE THESE CROPS WERE IMPORTANT IN ASIA. SECRETARY BUTZ REPLIED AFFIRMATIVELY, AND THEN EXPLAINED HOW U.S. AGRICULTURAL POLICY HAD CHANGED FROM WITHHOLDING ACREAGE FROM PRODUCTION TO ENCOURAGING PRODUCTION AND MAKING THE U.S. A RELIABLE SUPPLIER IN THE AGRICULTURAL EXPORT MARKET - IT WOULD BE UNTHINKABLE TO WITHHOLD WHEN THE WORLD NEEDS FOOD. SECRETARY BUTZ ALSO DESCRIBED THE U.S. LONG TERM GRAIN EXPORT AGREEMENT WITH THE SOVIET UNION, WHICH WAS AIMED AT ACHIEVING A HIGHER DEGREE OF STABILITY IN THE WORLD GRAIN MARKET.

2. TURNING TO U.S. ECONOMIC SCENE, SECRETARY BUTZ SAID THAT THINGS WERE LOOKING UP, AND CITED RECENT CABINET BRIEFINGS PROVIDED BY ALAN GREENSPAN WHICH HAD BROUGHT OUT FACT THAT BASIC ECONOMIC INDICATORS HAD BEEN FAR BETTER THAN ANTICIPATED. PM LEE WONDERED IF THESE INDICATORS MIGHT POSSIBLY BE TOO GOOD, AND NOTED THAT JAPAN HAD NOT BEEN PULLED ALONG. SECRETARY BUTZ STATED THAT JAPAN, TOO, WOULD FOLLOW, AND POINTED TO ITS FAVORABLE BALANCE OF TRADE LAST MONTH. HE WENT ON TO DESCRIBE DECISION BY THE PRESIDENT TO CONCENTRATE ON INCREASING JOBS IN THE PRIVATE RATHER THAN THE PUBLIC SECTOR DESPITE CONTRARY PRESSURE FROM SENATE CONGRESS. THIS DECISION HAD BEEN CORRECT; INFLATION RATE HAD BEEN CUT; EMPLOYMENT WAS UP (NUMBER EMPLOYED NOW EXCEEDED FIGURE FOR 1973); WAGES WERE UP. ONLY SOFT SPOTS WERE AUTO PRODUCTION AND HOUSING STARTS, BUT THESE AREAS WERE ALSO COMING ALONG.

3. PM LEE STATED THAT SINGAPORE'S ECONOMY HAD ALSO IMPROVED IN THE LAST 4-6 MONTHS, BUT WAS INTERWOVEN WITH OTHER ECONOMIES AND REMAINED DEPENDENT ON WHAT HAPPENED ELSEWHERE. HE HOPED
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THERE WOULD BE NO REPETITION OF 1972-73 CONDITIONS, WHEN FOOD PRICES HAD RISEN 20 PERCENT.

4. PM LEE WONDERED WHAT U.S. FOREIGN POLICY WOULD BE UNDER A NEW PRESIDENT AND CONGRESS. SECRETARY BUTZ DECLARED THAT WHOEVER WON THE ELECTION, THE U.S. WOULD NOT TURN ISOLATIONIST. THE PREVIOUSLY ISOLATIONIST FARM BELT, FOR EXAMPLE, NOW UNDERSTOOD IMPORTANCE OF AGRICULTURAL EXPORTS TO FOREIGN COUNTRIES.

MOREOVER, CONGRESS HAD JUST VOTED THE FULL DEFENSE BUDGET REQUESTED BY THE PRESIDENT PLUS A LITTLE MORE. ATTACKS BY PRESIDENTIAL CANDIDATES ON THE PRESIDENT'S FOREIGN POLICY WERE DUE TO FACT THAT THE ECONOMY WAS NO LONGER A POLITICAL ISSUE IN THE ELECTION. THE U.S. WAS NOT GOING TO BECOME A SECONDARY POWER. IT WAS ECONOMICALLY STRONG AND MILITARILY POWERFUL, ALTHOUGH THE SOVIETS HAD ADMITTEDLY MADE SOME MILITARY GAINS. NEVERTHELESS, THE SOVIETS HAD THEIR WEAKNESSES, MOST NOTABLY THAT THEY COULDN'T FEED THEMSELVES.

5. ASKED WHY THE SOVIETS COULDN'T FEED THEMSELVES, SECRETARY BUTZ REPLIED THAT PROBLEM WAS IN PART DUE TO RUSSIAN CLIMATE AND NORTHERN LATITUDE, BUT MORE IMPORTANTLY, THE SYSTEM WAS WRONG. SOVIETS WERE NOW COMMITTED TO INCREASING FOOD CONSUMPTION, WHICH REQUIRED LONG-TERM GRAIN IMPORTS FROM THE U.S. HE EXPRESSED THE VIEW THAT IT WAS GOOD FOR THE U.S. TO SOAK UP SOVIET PURCHASING POWER IN THIS WAY- IT WAS FAR BETTER TO EXCHANGE BUSHELS IN THIS WAY THAN TO EXCHANGE BULLETS. PM LEE APPEARED TO AGREE (E.G. HE REMARKED "IT WAS JUST AS WELL FOR US" THAT THE SOVIET SYSTEM WAS WRONG) BUT EXPRESSED SOME RESERVATIONS ABOUT THE CLOSED NATURE OF THE SOVIET SYSTEM. PEOPLE SUCH AS SAKHAROV WERE THE "ODD BODS," AND THE REST WENT ALONG WITH WHAT THE LEADERSHIP WANTED THEM TO DO.
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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 SSO-00 INR-05

INRE-00 CIAE-00 OMB-01 AF-04 EUR-08 SP-02 PRS-01 L-01

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6. PM LEE THEN REMARKED THAT EACH TIME HE MET AN AMERICAN VISITOR THE WORLD HAD BECOME A LITTLE MORE DIMINISHED FOR THE WEST. SINCE THE VICE PRESIDENT'S VISIT ONE MONTH AGO THE WEST'S POSITION IN SOUTH AFRICA (WHICH HAD ONE-THIRD OF THE WORLD'S URANIUM) HAD DECLINED. UNLESS SOMETHING WAS DONE, RHODESIA WOULD BE INFILTRATED BY THE CUBANS, RUSSIANS, OR CHINESE MARXISTS, AND AFTER A BLOODY GUERRILLA WAR WOULD BE LOST TO THE WEST. PM LEE ALSO EXPRESSED CONCERN OVER ITALIAN AND FRENCH POLITICAL SITUATIONS, SAYING THAT HE AGREED WITH SECRETARY KISSINGER REGARDING EFFECTS ON NATO OF COMMUNIST PARTICIPATION IN THESE GOVERNMENTS. HE ALSO EXPRESSED APPREHENSION OVER POLITICAL TRENDS IN THE UK, AND TERMED LABOR GOVERNMENT'S BARGAINING WITH TRADE UNIONS OVER TAX REDUCTIONS AND WAGE CEILINGS "FRIGHTENING."

7. SECRETARY BUTZ SAID THAT HE BELIEVED A TURN-AROUND FOR THE WEST WAS COMING, BASED ON CHANGED GRASS-ROOTS SENTIMENTS IN THE U.S. FOR EXAMPLE, WE HAD RECOGNIZED THAT MISTAKES HAD BEEN MADE IN TURKEY AND ANGOLA, AND VIET-NAM WAS NOW BEHIND US. THE PRESIDENT WOULD HAVE A BETTER POWER BASE WITH CONGRESS, AND THERE WOULD BE A MOVE TOWARD COHESIVENESS.

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8. PM LEE NEVERTHELESS WONDERED WHAT WOULD HAPPEN AS THE WORLD GOT SMALLER AND SMALLER AND THE GROUND ERODED BENEATH THE FREE NATIONS. HE FORESAW THE POSSIBILITY OF SUBVERSION JUMPING FROM THAILAND INTO MALAYSIA AND THEN HOPPING ACROSS THE STRAITS OF MALACCA INTO SUMATRA, IN WHICH CASE SINGAPORE WOULD FIND ITSELF SURROUNDED. THE BEST WAY TO FIGHT SUCH A DEVELOPMENT WOULD BE THROUGH ECONOMIC DEVELOPMENT, THE FRUITS OF WHICH HAD TO BE SPREAD THROUGHOUT THE ENTIRE POPULATION. IN HIS OPINION, THE TMUI NO LONGER HAD THE TIME TO DO THIS. HE ADDED, HOWEVER, "WE'VE GOT TO TRY," AND DECLARED FLATLY THAT "WE'RE ALREADY COMMITTED." HE CRITICIZED THE U.S. FOR NOT HAVING DRAWN THE LINE PROPERLY IN INDOCHINA: RATHER THAN DRAWING IT AT THE 17TH PARALLEL, IT SHOULD HAVE BEEN BETWEEN VIET-NAM AS A WHOLE AND CAMBODIA AND LAOS WHERE CUSTOMS AND TRADITIONS WERE GREATLY DIFFERENT FROM THOSE OF THE VIETNAMESE. HAVING DRAWN THE LINE WHERE WE DID, THOUGH, WE SHOULD HAVE STUCK TO IT. WATERGATE WAS A "DISASTER" WHICH MADE IT IMPOSSIBLE FOR THE U.S. TO REACT VIGOROUSLY AGAINST THE NORTH VIETNAMESE; OTHERWISE, THE NORTH VIETNAMESE WOULD HAVE LAID LOW IF THE U.S. HAD AGAIN BOMBED THE NORTH AND MINED HAIPHONG. AS A RESULT, MORE THAN ANY OTHER PLACE IN THE WORLD SOUTH-EAST ASIA WAS NOW PAYING THE PRICE.

9. REVERTING TO THE SUBJECT OF SOUTH AFRICA, PM LEE ARGUED THAT THE U.S. SHOULD PUT PRESSURE ON SOUTH AFRICA'S VORSTER TO PRESSURE IAN SMITH IN TURN INTO MAKING CONCESSIONS TO THE RHODESIAN AFRICAN NATIONALISTS. VORSTER WAS THE ONLY PERSON WHO COULD DO THIS IN VIEW OF RHODESIA'S DEPENDENCE ON SOUTH AFRICAN COMMUNICATIONS. OTHERWISE, THE SOVIETS AND CHINESE WOULD PROVIDE HAND-HELD WEAPONS TO THE GUERRILLAS, AND WITHIN TWO OR THREE YEARS SMITH WOULD BE BROUGHT DOWN THROUGH A BLODDY GUERRILLA CAMPAIGN IN WHICH ONLY THE CUBANS, SOVIETS, AND CHINESE WOULD BENEFIT. ON THE OTHER HAND, IF SMITH CAME TO TERMS NOW THE SITUATION IN RHODESIA COULD DEVELOP ALONG LINES OF EAST AFRICA, WHERE TANZANIA, AND KENYA, AT LEAST, REMAINED MODERATELY PRO-WEST. PM LEE SAW NO POINT IN VORSTER'S EFFORTS TO OBTAIN WEAPONS FROM ISRAEL. THESE WEAPONS COULD NOT BE USED IN THE KIND OF WAR WHICH
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WOULD BE FOUGHT, AND VORSTER'S MISSION WOULD ONLY HARDEN

WORLD OPINION AGAINST HIM. WHAT WAS VORSTER GOING TO DO - BOMB LUANDA, LOBITO AND BEIRA? THE SITUATION WAS VERY DANGEROUS, AND IMAGINATIVE DECISIONS HAD TO BE MADE.

10. THE CONVERSATION COCLUDED WITH REASSERTION BY SECRETARY BUTZ THAT U.S. REMAINS STRONG AND WOULD BE BACK ON COURSE AFTER PRESIDENTIAL ELECTIONS, AND PM LEE EXPRESSING HOPE THAT SUCH WOULD INDEED BE THE CASE. "WE CAN'T GIVE UP HOPE OR WE'LL DIE," HE SAID. AS A FINAL WORD, SECRETARY BUTZ NOTED THAT THE U.S. REGARDED SINGAPORE AS A VERY IMPORTANT AREA OF THE WORLD AND PART OF DEFENSIVE PERIMETER WHICH EXTENDED FROM JAPACU AND KOREA DOWN THROUGH THE PHILIPPINES INTO SOUTHEAST ASIA.

11. REQUEST DEPARTMENT REPEAT TO OTHER POSTS AS NECESSARY.
HOLDRIDGE

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